

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

APPLICATION OF TAYLOR COUNTY RURAL )  
ELECTRIC COOPERATIVE CORPORATION ) CASE NO. 9536  
FOR AN ADJUSTMENT OF RATES )

O R D E R

IT IS ORDERED that Taylor County Rural Electric Cooperative Corporation ("Taylor County") shall file an original and 12 copies of the following information with this Commission, with a copy to all parties of record, by May 9, 1986, or within 2 weeks after the filing of the application, whichever is later. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Taylor County shall furnish with each response the name of the witness who will be available at the public hearing for responding to questions concerning each area of information requested. Careful attention should be given to copied material to insure that it is legible. If neither the requested information nor a motion for an extension of time is filed by the stated date, the case may be dismissed.

Information Request No. 1

1. The detailed workpapers showing calculations supporting all accounting, pro forma, end-of-period, and proposed rate

adjustments in the rate application to revenue, expense, investment, and reserve accounts for the test year and a complete detailed narrative explanation of each adjustment including the reason why each adjustment is required. Explain in detail all components used in each calculation including the methodology employed and all assumptions applied in the derivation of each adjustment. Index each calculation to the accounting, pro forma, end-of-period, and proposed rate adjustment which it supports.

2. An analysis of Account 930--Miscellaneous General Expenses for the test period. This should include a complete breakdown of this account as shown in attached Format 1, and also provide all detailed workpapers supporting this analysis. At minimum, the workpapers should show the date, vendor, reference (i.e., voucher no., etc.), dollar amount, and a brief description of each expenditure. Detailed analysis is not required for amounts of less than \$100 provided the items are grouped by classes as shown in Format 1 attached.

3. A detailed analysis of contributions for charitable and political purposes (in cash or services). This analysis should indicate the amount of the expenditure, the recipient of the contribution, and the specific account charged.

4. A copy of the auditor's report from your most recent audit.

5. A detailed analysis of advertising expenditures during the test period. This analysis should include a breakdown of Account 913--Advertising Expenses, as shown in Format 2, attached, and should also show any advertising expenditures included in

other expense accounts. This analysis should be specific as to the purpose and expected benefit of each expenditure.

6. A copy of the most recent publication of the Borrower Statistical Profile for the utility published by the Rural Electrification Administration. Include a detailed narrative explanation of any action taken by the utility's management, its Board of Directors or REA based on the results of this data.

7. A schedule of salaries and wages for the test year and each of the 5 calendar years preceding the test year as shown in Format 3, attached. For each time period provide the amount of overtime pay.

8. A copy of the current by-laws.

9. Provide the utility's rate of return on net investment rate base for the test year and 5 preceding calendar years. Include data used to calculate each return.

10. In comparative form, an income statement, a statement of changes in financial position, and a balance sheet for the test year and the 12-month period immediately preceding the test year.

11. A detailed analysis of expenses incurred during the test year for professional services as shown in attached Format 4, and all detailed workpapers supporting the analysis. At minimum the workpapers should show the payee, dollar amount, reference (i.e., voucher, no., etc.) account charged, hourly rates and time charged to the utility according to each invoice, and a brief description of the service provided. Identify all rate case work by case number.

12. Provide the utility's times interest earned ratio and debt service coverage ratio, as calculated by the Rural Electrification Administration, for the test year and the 5 preceding calendar years. Include the data used to calculate each ratio.

13. Schedules in comparative form showing for the test year and the year preceding the test year the ending balance in each electric plant and reserve account or sub-account included in the utility's chart of accounts.

14. A copy of Kentucky's Electric Cooperatives Operating Expense and Statistical Comparisons for the most recent 2 years available.

15. The date and time of the most recent annual members' meeting. Provide the number of members in attendance, the number of members voting for new board members, the number of new board members elected, and general description of the meeting's activities.

16. Provide a schedule showing a comparison of balances in each operating expense account for each month of the test year to the same month of the preceding year for each account or sub-account included in the utility's chart of accounts. See Format 5.

17. The estimated dates for draw downs of unadvanced loan funds at test-year end and the proposed uses of these funds.

18. Provide the following where not previously included in the record:

a. A schedule of the present and proposed rates, charges, terms and conditions, and service rates and regulations which the utility seeks to change, shown in comparative form.

b. A detailed analysis of customers' bills, adjusted to actual usage and in such detail that the revenues from the present and proposed rates can be readily determined.

c. A schedule of test year revenues for each rate schedule per book rates, present rates annualized, and proposed rates annualized.

d. A schedule setting forth the effect upon average consumer bills.

e. A statement setting forth estimates of the effect that the new rate or rates will have upon the revenues of the utility, the total amount of money resulting from the increase or decrease and the percentage increase or decrease.

f. A schedule showing by customer class (i.e., residential, commercial, industrial, etc.) the amount and percent of any proposed increase or decrease in revenue distributed to each class. This schedule is to be accompanied by a statement which explains in detail the methodology or basis used to allocate the requested increase or decrease in revenue to each of the respective customer classes.

g. A schedule showing how the increase or decrease in (f) above was further distributed to each rate charge (i.e., customer or facility charge, KWH charge, Mcf charge, etc.). This

schedule is to be accompanied by a statement which explains, in detail, the methodology or basis used to allocate the increase or decrease.

h. A statement showing by cross-outs and italicized inserts all proposed changes in rates, charges, terms and conditions, and service rules and regulations for each rate or charge. Copy of current tariff may be used.

19. Provide the name and address of each member of the utility's Board of Directors along with his or her personal mailing address. If, during the course of these proceedings, any changes occur in board membership, provide an update to this request.

20. Provide a detailed analysis of the total compensation paid to each member of the board of directors during the test period including all fees, fringe benefits, and expenses with a description of the type of meetings, seminars, etc., attended by each member.

21. Provide a detailed analysis of all benefits provided to the utility's employees including the itemized cost of each benefit and the average annual cost of benefits per employee. If readily available, provide this data by employee classification as shown in Format 3.

22. Provide an itemized listing of the costs incurred to date for the preparation of this case and an itemized estimate of the total cost to be incurred for this case. Indicate any costs incurred for this case that occurred during the test year.

23. Does Taylor County follow the depreciation rates and procedures as described in REA Bulletin 183-1?


24. Provide information for plotting the depreciation guideline curves in accordance with REA Bulletin 183-1. Furnish the data in the format shown on the attached data sheet No. 1.

25. Does Taylor County propose any changes in depreciation rates?

26. Furnish a list of depreciation expenses in the format shown on the attached data sheet No. 2.

Done at Frankfort, Kentucky, this 9th day of April, 1986.

PUBLIC SERVICE COMMISSION

  
For the Commission

ATTEST:

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Secretary

TAYLOR COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION

Case No. 9536

ACCOUNT 930 - MISCELLANEOUS EXPENSES

For the 12 Months Ended

<u>Line</u> <u>No.</u>	<u>Item</u> <u>(a)</u>	<u>Amount</u> <u>(b)</u>
1.	Industry Association Dues	
2.	Institutional Advertising	
3.	Conservation Advertising	
4.	Rate Department Load Studies	
5.	Water, and Other Testing and Research	
6.	Directors' Fees and Expenses	
7.	Dues and Subscriptions	
8.	Miscellaneous	
9.	Total	



## TAYLOR COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION

Case No. 9536

## ACCOUNT 913 - ADVERTISING EXPENSE

For the 12 Months Ended

(Total Company)

<u>Line No</u>	<u>Item</u>	<u>Sales or Promotional Advertising</u>	<u>Institutional Advertising</u>	<u>Conservation Advertising</u>	<u>Rate Case</u>	<u>Other</u>	<u>Total</u>
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1.	Newspaper						
2.	Magazines and Other						
3.	Television						
4.	Radio						
5.	Direct Mail						
6.	Sales Aids						
7.	Total						
8.	Amount Assigned to Ky. Retail						

TAYLOR COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION  
Case No. 9536

ANALYSIS OF SALARIES AND WAGES

For the Calendar Years 19 Through 19  
And the 12-Month Period Ending

(000's)

Line No.	Item (a)	12 Months Ended							Test Year Amount (l)
		Calendar years Prior to Test Year						Test Year Amount (m)	
		5th Amount (b)	4th Amount (c)	3rd Amount (d)	2nd Amount (e)	1st Amount (f)			
1.	Wages charged to expense:								
2.	Power production expense								
3.	Transmission expenses								
4.	Distribution expenses								
5.	Customer accounts expense								
6.	Sales expenses								
7.	Administrative and general expenses:								
	(a) Administrative and general salaries								
	(b) Office supplies and expense								
	(c) Administrative expense transferred-cr.								
	(d) Outside services employed								
	(e) Property insurance								
	(f) Injuries and damages								

**For the Calendar Years 19 Through 19  
And the 12-Month Period Ending**

12 Months Ended

Line No.	Item (a)	Calendar years Prior to Test Year					Test Year (m)
		5th	4th	3rd	2nd	1st	
		Amount (b)	Amount (c)	Amount (d)	Amount (e)	Amount (f)	
7.	Administrative and general expenses (continued):						
	(g) Employees pensions and benefits						
	(h) Franchise requirements						
	(i) Regulatory commission expenses						
	(j) Duplicate charges-cr.						
	(k) Miscellaneous general expense						
	(l) Maintenance of general plant						
8.	Total administrative and general expenses L7(a) through L7(l)						
9.	Total salaries and wages charged expense (L2 through L6 + L8)						
10.	Wages capitalized						
11.	Total Salaries and wages						

TAYLOR COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION  
Case No. 9536

ANALYSIS OF SALARIES AND WAGES

For the Calendar Years 19 Through 19  
And the 12-Month Period Ending

(000's)

Line No.	Item (a)	12 Months Ended										Test Year	
		Calendar years Prior to Test Year											
		5th		4th		3rd		2nd		1st			
		Amount (b)	§ (c)	Amount (d)	§ (e)	Amount (f)	§ (g)	Amount (h)	§ (i)	Amount (j)	§ (k)		
												Amount (l)	§ (m)

12. Ratio of salaries and wages charged  
expense to total wages (L9 ÷ L11)

13. Ratio of salaries and wages  
capitalized to total wages (L10 ÷ L11)

NOTE: Show percent increase of each year over the prior year in Columns (c), (e), (g), (i), (k), and (m).

Format 4

TAYLOR COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION

Case No. 9536

Professional Service Expenses

For the 12 Months Ended

<u>Line</u> <u>No.</u>	<u>Item</u>	<u>Rate Case</u>	<u>Annual Audit</u>	<u>Other</u>	<u>Total</u>
1.	Legal				
2.	Engineering				
3.	Accounting				
4.	Other				
5.	Total				

**TAYLOR COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION**  
**Case No. 9536**

**COMPARISON OF TEST YEAR ACCOUNT BALANCES  
WITH THOSE OF THE PRECEDING YEAR**

[illegible]

Utility: TAYLOR COUNTY RE  
Case Number: 9536  
Date:

DATA FOR  
DEPRECIATION GUIDELINE CURVE  
P&A BULLETIN 183-1

Year Ended December 31, 1985	Distribution Plant In Service (1)	Accumulated Provision for Depreciation Distribution Plant (2)	Reserve Ratio $(3) = (2) \div$	Ratio of Current Distribution Plant to Distribution Plant Ten Years Prior
1985				1985
1984				1984
1983				1983
1982				1982
1981				1981
1975				
1974				
1973				
1972				
1971				

Utility: TAYLOR COUNTY RECC  
Case Number: 9536  
Date:

Account No.	Item	(End of Test Year) Plant Account Balance	Depreciation Rate	Annual Depreciation
<u>TRANSMISSION PLANT</u>				
350000	Land & Land Rights			
355000	Poles & Fixtures			
356000	O/H Conduct. & Devices			
<u>DISTRIBUTION PLANT</u>				
360000	Land & Land Rights			
362000	Station Equipment			
364000	Poles, Towers, Fixtures			
365000	O/H Conduct. & Devices			
366000	Underground Conduit			
367000	U/G Conduct. & Devices			
368000	Line Transformers			
369000	Services			
370000	Meters			
371000	Install. on Cust. Premises			
372000	Leased Prop. on Cust. Prem.			
373000	St. Light & Sign Systems			
<u>GENERAL PLANT</u>				
389000	Land & Land Rights			
390000	Structures & Improvements			
391000	Office Furn. & Equipment			
391100	IBM 5251 Display Stations			
392000	Transportation Equip.			
393000	Stores Equipment			
394000	Tools, Shop, Garage Equip.			
395000	Laboratory Equipment			
396000	Power Operated Equipment			
397000	Communications Equipment			
398000	Miscellaneous Equipment			